

SENATE BUDGET COMMITTEE

KENT CONRAD, CHAIRMAN

FOR IMMEDIATE RELEASE
October 2, 2001

Contact: Stu Nagurka (202) 224-7436
Steve Posner (202) 224-7925

SENATE BUDGET COMMITTEE CHAIRMAN CONRAD CALLS FOR SHORT-TERM STIMULUS PLAN TO BE COUPLED WITH LONG-TERM FISCAL DISCIPLINE

Washington, DC - Senate Budget Committee Chairman Kent Conrad today said that any short-term stimulus plan must be matched with long-term budgetary restraint. Conrad's remarks came as the Budget Committee heard testimony on the nation's economic outlook from Glenn Hubbard, Chairman of the Council of Economic Advisers, Martin Baily, Senior Fellow at the Institute for International Economics, and Alan Krueger, professor of economics at Princeton University.

"I believe that the economic data will show that we need additional short-term stimulus to get this economy moving again, particularly following the September 11 attacks," said Conrad. "But any stimulus measures must be coupled with long-term fiscal discipline."

"We need to focus our efforts on giving this economy a boost over the next nine to twelve months. We need stimulus measures that will be significant enough to shore up public confidence and give a real kick-start to consumer spending, without further damaging our budget situation later in the decade."

"Despite repeated Fed rate cuts, long-term interest rates have not come down. This is largely because the bond market recognizes the risk of evaporating budget surpluses in the years ahead. The last thing we should do is to worsen our long-term budget outlook with permanent tax or spending measures. We need to bring our long-term budget picture into balance to allow long-term interest rates to drop. That will encourage business investment, bring down mortgage rates, and boost consumption generally – complementing any short-term measures we adopt."

- END -